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Serbia Introduced New Port and Pier Taxes

Report Categories:

Trade Policy Monitoring

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Report Highlights:

In March, the government adopted a Decision on the Amount and Method of Payment of Port and Pier Taxes, which went into effect on April 10, 2015. The decision introduced new taxes and an increase in fixed per vessel/per unit of weight expenses for vessels using Serbian port facilities. Serbian and foreign transportation companies and exporters must pay an additional fixed rate fee to use port operational facilities. Also, transport companies and exporters will be required to pay taxes for access to vessels that are loading and storing goods. These taxes could adversely affect Serbia’s ability to sell its agriculture products on the world market because of how they will increase transportation costs.

General Information:

The Port Governance Agency (PGA) (http://www.aul.gov.rs/lt) is a governmental regulatory body under the Ministry of Construction, Transportation, and Infrastructure. PGA was established in 2013 and employs approximately 15 people. According to the PGA Statute, it is responsible for carrying out the developmental, technical, and regulatory affairs for all nine ports and all port activities in Serbia. Six of Serbia's nine ports are privately-owned, and the three state-owned ports are in the process of privatization. While the majority of ports are privately owned, PGA is relatively new and has not yet had to do any development work with these private entities. As a result, it is unclear how PGA, as a government agency, will manage and provide funds for the development of private ports.

In March 2015, the government adopted a Decision on the Amount and Method of Payment of Port and Pier Taxes, which went into effect on April 10, 2015. The decision introduced new taxes and an increase in fixed per vessel/per unit of weight expenses for vessels using Serbian port facilities. Serbian and foreign transportation companies and exporters must pay an additional fixed rate fee of USD 0.15/MT to use port operational facilities. Also, transport companies and exporters will be required to pay taxes for access to vessels that are loading and storing goods. The cost will depend on whether they are a transporter or exporter, the strength of the ship's engines, and length of the vessels, ranging from USD 0.18/MT to USD 0.36/MT. Transporters and exporters also are obliged to pay for the use of port facilities at the rate of 0.36-0.50 USD/MT depending on the kind of goods being transshipped and stored, and whether they are a transporter or exporter. The new taxes have increased costs for Serbian exporters by USD 0.16/MT and for transporters by USD 0.22/MT.

The Serbian Chamber of Commerce (PKS) opposes these taxes, claiming they are burdensome and will hamper economic growth. According to PKS, these taxes will make Serbia's exports less competitive, increase the costs of raw materials and final products, and reduce the number of foreign vessels that use Serbian ports. These taxes could adversely affect Serbia's ability to sell its agriculture products on the world market because of how they will increase transportation costs. The impact could be significant given that approximately 80 percent of Serbia's grain and oilseed exports are shipped by river vessels to the Port of Constanza, Romania.